

Message Text

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PAGE 01 LONDON 15625 01 OF 02 291330Z

51

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AGR-05 AID-05 IO-10 RSC-01

COME-00 TRSE-00 SWF-01 AF-04 ARA-06 EA-06 NEA-06

OIC-02 L-02 PA-01 H-01 SP-02 NSC-05 CIEP-01 SS-15

STR-01 OMB-01 CEA-01 CIAE-00 INR-05 NSAE-00 PRS-01

USIA-06 /108 W

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P R 291301Z NOV 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 6124

INFO AMEMBASSY ROME

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ROME FOR FODAG

PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAID, EAGR, AORG

SUBJECT: MEETINGS OF INTERNATIONAL WHEAT COUNCIL AND
FOOD AID COMMITTEE, LONDON, NOV 25 - 28

BEGIN SUMMARY. NO OPPOSITION TO FURTHER EXTENSION INTER-
NATIONAL WHEAT AGREEMENT VOICED, BUT PARTIES WHEAT TRADE
AND FOOD AID CONVENTIONS AGREED POSTPONE ACTION TO
FEBRUARY. EEC, NOTABLY, HAS NOT YET REACHED DECISION.
WIDE SUPPORT EXPRESSED FOR CONTINUED PARALLEL WORK ON NEW
WHEAT AGREEMENT WITH SUBSTANTIVE PROVISIONS, AND SEVERAL
COUNTRIES SUGGESTED THAT THIS WORK BE ACCELERATED.
PRINCIPAL CHANGE IN 1974/75 WHEAT OUTLOOK IS INCREASE IN
INDIA'S IMPORT REQUIREMENTS BY 1.5 MILLION TONS - TO
RANGE 6.0 TO 7.5 MILLION TONS. ARAB CHALLENGE TO SOUTH
AFRICA'S CREDENTIALS NOT SUCCESSFUL. END SUMMARY
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PAGE 02 LONDON 15625 01 OF 02 291330Z

1. IN DISCUSSING FURTHER EXTENSION IWA A NUMBER OF DELEGATIONS NOTED NEED FOR TIME TO ASSESS RESULTS AND IMPLICATIONS WORLD FOOD CONFERENCE. HOWEVER THERE APPEARS GENERAL AGREEMENT THAT IWA WILL HAVE TO BE EXTENDED AT LEAST FOR ONE YEAR, EVEN IF DECISION REACHED TO NEGOTIATE NEW AGREEMENT. USSR AND JAPAN STATED PREFERENCE FOR TWO-YEAR EXTENSION TO ALLOW TIME FOR NEGOTIATION NEW AGREEMENT. USSR PARTICULARLY EMPHASIZED THE DANGER THAT COMPLICATED SITUATION MIGHT ARISE IF AT THE LAST MOMENT A SUCCESSOR AGREEMENT NEGOTIATION COULD NOT BE COMPLETED UNTIL LATE SPRING OF 1976, THUS LEAVING INADEQUATE TIME EITHER FOR EXTENSION OF CURRENT AGREEMENT OR FOR COMPLETION OF PROCEDURES FOR IMPLEMENTATION OF SUCCESSOR AGREEMENT BY JUNE 30, 1976. OTHERS (AUSTRALIA, INDIA) ARGUED FOR ONE YEAR ON GROUNDS THIS WOULD ENCOURAGE SWIFTER ACTION TOWARD NEW AGREEMENT. EEC RAISED ISSUE OF LINKAGE BETWEEN WHEAT TRADE AND FOOD AID CONVENTIONS. USDEL, CANADA, AUSTRALIA, SWEDEN SPOKE IN FAVOR MAINTAINING LINK BUT NOTED THAT RESULTS WFC NOT FULLY ASSESSED. SPECIAL MEETINGS OF WHEAT COUNCIL AND FOOD AID COMMITTEE SCHEDULED FOR WEEK FEBRUARY 10 TO TAKE FINAL ACTION ON FURTHER EXTENSION IWA, 1971.

2. REFERENCES TO POSSIBLE SUCCESSOR AGREEMENT INCLUDED NUMEROUS COMMENTS ABOUT THE NEED FOR PRICE PROVISIONS, AND WHETHER SUCH PROVISIONS, IF ANY, SHOULD SERVE INDICATIVE OR REGULATORY FUNCTION. US URGED THAT PREPARATORY WORK FOCUS MAINLY UPON STOCKS AND OTHER FUNDAMENTAL ASPECTS OF SUPPLY-DEMAND SITUATION, THUS LEAVING UNTIL LATER THE QUESTION OF WHETHER PRICE PROVISIONS ARE NEEDED AT ALL. OTHER DELEGATIONS ALL SHOWED WILLINGNESS TO EXPLORE NEW TYPES OF PROVISIONS, AND ALL SEEMED TO ACCEPT THE NOTION THAT BROADER SHARING OF STOCKS-HOLDING BURDEN WILL BE ESSENTIAL ASPECT OF NEW AGREEMENT. AS TO PRICE PROVISIONS, HOWEVER, THE VIEWS OF OTHER DELEGATIONS RANGED BETWEEN THOSE BELIEVING THAT PRICES WOULD NEED TO

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PAGE 01 LONDON 15625 02 OF 02 291311Z

51

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COME-00 TRSE-00 SWF-01 AF-04 ARA-06 EA-06 NEA-06

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PASS AGRICULTURE

PLAY A BASIC OPERATIVE ROLE TO THOSE WHO SIMPLY WONDERED IF IT IS REALLY POSSIBLE TO HAVE SUBSTANTIVE AGREEMENT DEVOID OF PRICE PROVISIONS. CANADA AND AUSTRALIA BOTH REFERRED TO THE DANGER THAT NEW RESERVES UNDERTAKINGS MIGHT LEAD TO PERMANENTLY LOWER PRICES, AND THUS SUGGESTED THAT MEANINGFUL PRICE MINIMA WOULD SEEM ESSENTIAL. IN DISCUSSING POSSIBLE NEW WHEAT AGREEMENT, USSR DEL APPEARED TO TAKE CATEGORICAL POSITION THAT USSR WOULD ONLY PARTICIPATE IF NEGOTIATIONS ARE CONDUCTED IN A UN FORUM. HE EXPLAINED USSR FAILURE TO JOIN 1967 AGREEMENT TO FACT IT NEGOTIATED IN KENNEDY ROUND CONTEXT.

3. AT USDEL SUGGESTION, SUPPORTED BY CANADA AND EC, COUNCIL DECIDED TO DEFER DECISION ON FURTHER PREPARATORY WORK TOWARD NEW AGREEMENT UNTIL FEBRUARY SPECIAL SESSION, FEB 12 - 14.

4. REVIEW OF SITUATION AND OUTLOOK BROUGHT LITTLE DIS-
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PAGE 02 LONDON 15625 02 OF 02 291311Z

CUSSION, AND FEW CHANGES IN COUNTRY ESTIMATES. CANADA 74/75 EXPORT ESTIMATE RAISED TO 13.3 - 14.6 MILLION TONS, AND INDIA IMPORT ESTIMATE RAISED TO 6.0 TO 7.5. OVERALL ESTIMATES FOR 1974/75 NOW STAND AT 65.0 - 66.5 FOR TOTAL WORLD IMPORTS AND 65.8 TO 69.1 FOR TOTAL WORLD EXPORT AVAILABILITY.

5. THE EGYPT REPRESENTATIVE ON CREDENTIALS COMMITTEE INSERTED FOLLOWING STATEMENT IN COMMITTEE REPORT: "THE DELEGATION OF THE ARAB REPUBLIC OF EGYPT STATES, ON ITS BEHALF AND ON BEHALF OF OTHER ARAB AND AFRICAN MEMBERS OF

THE COUNCIL PRESENT AT THIS SESSION, THAT THE CREDENTIALS OF THE DELEGATION OF SOUTH AFRICA SHOULD NOT BE RECOGNIZED, SINCE THE GOVERNMENT OF SOUTH AFRICA DOES NOT REPRESENT THE PEOPLE OF THAT COUNTRY." US, USSR, JAPAN AND ARGENTINA MEMBERS COMMITTEE APPROVED S. AFRICA CREDENTIALS AND EGYPT DID NOT PRESS ISSUE IN COUNCIL PLENARY.

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